

BEFORE THE  
STATE OF WISCONSIN  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF SECURITIES

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In the Matter of,  
  
CRYPTBITX,  
  
Respondent.

SUMMARY ORDER TO  
CEASE AND DESIST

DFI Case No. S-244876 (EX)

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**I.**

The Administrator of the State of Wisconsin, Department of Financial Institutions, Division of Securities (“Division”), having legal authority and jurisdiction to administer and enforce the Wisconsin Uniform Securities Law, Wis. Stats. Ch. 551 (“Ch. 551”) and rules and orders promulgated thereunder, and having determined that this action is necessary and appropriate in the public interest and for the protection of investors, hereby enters this Order as follows:

**II.**

Division staff have presented evidence sufficient for the Administrator to make the following findings of fact and conclusions of law:

**A. Statement of Facts**

**Respondents**

1. Upon information and belief, Cryptbitx is an online cryptocurrency trading business with a last known website address of [www.cryptbitx.com](http://www.cryptbitx.com).<sup>1</sup>

**Conduct**

2. On or about April 14, 2022, Cryptbitx posted an advertisement on the Craigslist/WI/services/financial website targeting residents of Milwaukee entitled “Serious Investors Needed for Risk Free Cryptocurrency Investment.” The Craigslist posting included a phone number and included the name “Diane G. M.” as the portfolio manager and broker for the investment opportunity.
3. On or about April 20, 2022, an adult male resident of Wisconsin (“MD”) contacted Cryptbitx through its Craigslist advertisement to get more information about how he

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<sup>1</sup> Cryptbitx listed the physical address of 1 Crosfield Avenue, Suite 102, West Nyack, New York 10994 on its website, however Division staff learned that this is actually the address for Diane Galvin’s physical office at Raymond James, which has no association or affiliation with Crypsis in any manner whatsoever.

could invest in cryptocurrency. The next day, MD left a voicemail message at the Cryptbitx phone number asking for investment details after he did not receive a response to his email.

4. Between April 22, 2022 and April 27, 2022, MD exchanged text messages with a person claiming to be “Diane Galvin” from the phone number listed in the Craigslist advertisement.
5. During the text message exchanges, the person claiming to be Galvin sent MD links to the Cryptbitx website and to her securities broker-license credentials at FINRA BrokerCheck, number 4974593, which is the number for the real Diane Galvin registered with the broker-dealer Raymond James.
6. In fact, Diane Galvin is employed with Raymond James as a financial adviser and has never been associated or affiliated with Cryptbitx in any manner. Her identity and information were stolen by the principals behind Cryptbitx.
7. The person claiming to be Galvin further represented to MD that Sharon Bowen and Lynn Martin were the Chair and President, respectively, of Cryptbitx.
8. In fact, Sharon Bowen and Lynn Martin are the Chair and President of the New York Stock Exchange, respectively, and are not associated or affiliated with Cryptbitx in any manner.
9. When MD visited the Cryptbitx website, he noticed that the Cryptbitx office address listed on its website was almost identical to the actual Raymond James office where the person claiming to be Galvin worked;
10. On or about April 25, 2022, MD received an investment agreement from the person claiming to be Galvin. The Cryptbitx investment agreement states:
  - a. “This INVESTMENT MANAGEMENT AGREEMENT, dated and effective as of \_\_\_\_\_ 2022 (sic) This agreement is between Mrs Diane G.M. (sic) (Broker) and \_\_\_\_\_ (Investor) (sic) Open-end management investment company registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and a series of Stone Ridge Trust VI, a Delaware statutory trust (the “Trust”). The purpose of Bitcoin Strategy Sub Fund is to facilitate the implementation of Bitcoin Strategy Fund’s investment strategies. Cryptbitx Investment Platform is a “qualified eligible investment platform” as defined in Commodities Futures Trading Commission (“CFTC”) Rule 4.7.”
  - b. “... All use of the name “CRYPTBITX” and all goodwill associated therewith will inure to the sole and exclusive benefit of the Investment Manager’s license, New York Digital Investment Group LLC.”

11. In fact, on or about November 26, 2019, Stone Ridge Trust filed an application with the Securities and Exchange Commission (“SEC”) to be the first U.S. open-ended mutual investment fund to buy Bitcoin. Stone Ridge’s founder, Steve Ross, also founded New York Digital Investment Group (NYDIG), a company focused solely on Bitcoin. Stone Ridge Trust, New York Digital Investment Group, and Steve Ross are not associated or affiliated with Cryptbitx in any manner.
12. The person claiming to be Galvin further represented to Wisconsin resident MD via text message that the investment opportunity she offered involved copy trading, and that Wisconsin resident MD did not need any experience investing. The person claiming to be Galvin claimed that she would link Wisconsin resident MD’s trading account to a “expert trader” and all of the expert’s trades would be copied to MD’s account. She further guaranteed MD a “minimum of 35% monthly return.”
13. The person claiming to be Galvin told Wisconsin resident MD that she would be compensated for her work on a commission basis, receiving 10 percent of his profit.

## **B. Conclusions of Law**

### **Legal Authority and Jurisdiction**

14. The Administrator has legal authority and jurisdiction over the conduct described above, pursuant to Wis. Stats. Ch. 551 and the rules and orders promulgated thereunder.
15. Pursuant to Wis. Stat. § 551.102(28)(d)(1), an investment contract includes an investment in a common enterprise with the expectation of profits to be derived through the essential managerial efforts of someone other than the investor. An investment contract is included in the definition of a security.
16. The investment opportunity offered by Cryptbitx is an investment contract security.
17. Pursuant to Wis. Stat. § 551.301(1), it is unlawful to offer or sell securities in Wisconsin unless the securities are registered under Ch. 551, exempted from registration under Ch. 551, or federally covered securities.
18. Pursuant to Wis. Stat. § 551.102(15), an investment adviser includes a person that, for compensation, engages in the business of advising others, either directly or through publications, writings, or electronic means, as to the value of securities or the advisability of investing in, purchasing, or selling securities or that, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities. The term includes a financial planner or other person that, as an integral component of other financially related services, provides investment advice regarding securities to others for

compensation as part of a business or that holds itself out as providing investment advice regarding securities to others for compensation.

19. Pursuant to Wis. Stat. § 551.403(1), it is unlawful for a person to transact business in Wisconsin as an investment adviser unless the person is registered under this chapter as an investment adviser or is exempt from registration as an investment adviser under Wis. Stat. § 551.403(2).
20. Cryptbitx transacted business in Wisconsin as an investment adviser.
21. Pursuant to Wis. Stat. § 551.501(2) it is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly, to make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

### **Violations**

22. As described above in ¶¶ 1-13, Cryptbitx violated Wis. Stat. § 551.301(1) when it offered securities in Wisconsin which were not registered or exempt from registration under Ch. 551 or federally covered securities.
23. As described above in ¶¶ 1-13, Cryptbitx violated Wis. Stat. § 551.403(1) when it transacted business as an investment adviser in Wisconsin without being registered under Ch. 551, exempted from registration under Ch. 551, or federally covered.
24. As described above in ¶¶ 1-13, Cryptbitx violated Wis. Stat. § 551.501(2) when in connection with the offer and sale of securities to individuals in Wisconsin, it represented that Diane Galvin, a registrant with Raymond James, was associated with the investment opportunity offered by Cryptbitx, when in fact she was in no way affiliated or associated with Cryptbitx, when it represented it was associated with Stone Ridge Trust and NYDIAG when it in fact was not, and when it represented that Sharon Bowen and Lynn Martin were associated with Cryptbitx when in fact they were not.

### **III.**

In view of the above findings of fact and conclusions of law, the Administrator deems it necessary and appropriate in the public interest and for the protection of investors, and pursuant to its legal authority and jurisdiction under Ch. 551, to wit Wis. Stat. § 551.604, to issue the following orders and notices:

#### **A. Summary Orders issued pursuant to Wis. Stat. § 551.604(2):**

- (a) IT IS ORDERED summarily that CRYPTBITX, its agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of CRYPTBITX, shall cease and desist from making or

causing to be made to any person or entity in Wisconsin any further offers or sales of securities unless and until such securities qualify as covered securities or are registered under Ch. 551 or successor statute, pursuant to Wis. Stat. §§ 551.604(1)(a) and (2).

- (b) IT IS FURTHER ORDERED summarily that all exemptions from registration set forth at Ch. 551 or successor statute that might otherwise apply to any offer or sale of any security by CRYPTBITX, its agents, servants, officers, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of CRYPTBITX, are hereby revoked, pursuant to Wis. Stat. §§ 551.604(1)(b) and (2).
- (c) IT IS FURTHER ORDERED summarily that all exemptions from registration set forth in Wis. Stat. §§ 551.201 and 551.202 that may otherwise apply to a specific security, transaction or offer of or by CRYPTBITX, its agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of CRYPTBITX, are hereby revoked, pursuant to Wis. Stats. §§ 551.604(1)(c) and (2).
- (d) IT IS FURTHER ORDERED summarily that CRYPTBITX, its successors, affiliates, controlling persons, officers, agents, servants, employees and every entity and person directly or indirectly controlled or hereafter organized by or on behalf of CRYPTBITX, are prohibited from violating Wis. Stat. § 551.501 or successor statute.
- (e) IT IS FURTHER ORDERED summarily that CRYPTBITX, its successors, affiliates, controlling persons, officers, agents, servants, employees, and every entity and person directly or indirectly controlled or hereafter organized by or on behalf of CRYPTBITX, are prohibited from violating Ch. 551 or successor statute that might otherwise apply to any offer or sale of a security of or by CRYPTBITX.
- (f) PLEASE TAKE NOTICE that the orders of the Administrator are effective as of the issuance of this Order, pursuant to Wis. Stat. § 551.604(2).

#### **B. Service of Order**

- (g) IT IS FURTHER ORDERED that this Order shall be sent promptly by certified mail to each party named in the Order at his or her last known address or to the party's attorney of record, or shall be personally served upon the party or the party's attorney of record, pursuant to Wis. Admin. Code § DFI-Sec. 8.06. This Order shall also be served upon the office of the administrator pursuant to Wis. Stat. § 551.611.
- (h) PLEASE TAKE NOTICE that if service is by certified mail, the date of the service of this Order is the date it is placed in the mail. If service is by personal service, the date of the service of this Order is the date personal service is completed.

### **C. Notice of Hearing Rights**

- (i) PLEASE TAKE NOTICE that you have the right to request a hearing, pursuant to Wis. Stat. § 551.604(2). Every request for a hearing shall be in the form of a written petition filed with the Division, pursuant to Wis. Admin. Code § DFI-Sec. 8.01 and Wis. Stat. § 227.42. A petition for a hearing to review the order shall:
- (1) Plainly admit or deny each specific allegation, finding or conclusion in the order and incorporated papers. However, if the petitioner lacks sufficient knowledge or information to permit such an admission or denial, the petition shall so state, and that statement shall have the effect of a denial; and
  - (2) State all affirmative defenses. Affirmative defenses not raised in the request for hearing may be deemed waived.
- (j) PLEASE TAKE FURTHER NOTICE that you may file your written petition:
- (1) By mailing the written petition to: Division of Securities Wisconsin  
Department of Financial Institutions P.O. Box 1768 Madison, Wisconsin  
53701-1768;
  - (2) By delivering the written petition in person to: Division of Securities  
Wisconsin Department of Financial Institutions 4822 Madison Yards Way,  
North Tower, 4th Floor Madison, Wisconsin 53705; or
  - (3) By faxing the written petition to (608) 264-7979.
- (k) PLEASE TAKE FURTHER NOTICE that the petition for hearing must be filed with the Division. Pursuant to Wis. Stat. § 551.102(8), "filing" means "receipt." Therefore, a petition is not "filed" with the Division until it is actually "received" by the Division. If the Division does not receive your written petition before midnight on the 30th day after the date of service of this order, your right to a hearing will be waived and the Summary Order shall become final by operation of law.
- (l) PLEASE TAKE FURTHER NOTICE that if you do not request a hearing and none is ordered by the Administrator within 30 days after the date of service of this order, the findings of fact, conclusions of law, and summary orders and proposed final orders, including the imposition of a civil penalty and requirement for payment of restitution and interest sought in a statement in the order, become final by operation of law, pursuant to Wis. Stat. § 551.604(2).

- (m) PLEASE TAKE FURTHER NOTICE that, within 15 days after the Division's receipt of a written request for a hearing from you, the matter will be scheduled for a hearing or other public administrative proceedings, pursuant to Wis. Stats. §§ 551.604(2) and (3).

**D. Notifications**

- (n) PLEASE TAKE FURTHER NOTICE violations of this Order, once final, may be enforced by any investor, or by the Division pursuant to Wis. Stat. § 551.604(7) whether acting in its own right or on behalf of the investor, by petitioning any court of competent jurisdiction to enforce the terms of the order.
- (o) PLEASE TAKE FURTHER NOTICE failure to provide a copy of this Order to prospective investors may be a material misrepresentation in violation of Ch. 551 and this Order.
- (p) PLEASE TAKE FURTHER NOTICE that this Order is effective on the date it is issued. CRYPTBITX is advised that any willful violation of an Order issued by the Division under Ch. 551 is a criminal offense punishable under the provisions of Wis. Stat. § 551.508.

Executed at Madison, Wisconsin this 21<sup>st</sup> day of November, 2022.



State of Wisconsin  
Department of Financial Institutions  
4822 Madison Yards Way  
4<sup>th</sup> Floor North Tower  
Madison, Wisconsin 53705

*Leslie M. Van Buskirk*

Leslie M. Van Buskirk  
Administrator, Division of Securities